

Projected Metro Portland Minority Homeownership Needs 2000-2010



36,000 Needed New Minority Homeowners Would:

- ❑ **Increase Minority Homeownership Rates by 5%**
- ❑ **Increase Minority Family Assets by \$3.5 Billion**



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Table of Contents

Topic	Page
Section One--Report Narrative	1-2
Rate of Minority Household Growth Was 3 Times Faster than Overall Growth Rate	1
Table-Change in Homeownership Rates 1990-2000	1
36,000 Additional Minority Homeowners=\$3.5 Billion in Additional Family Assets	1
Minority Homeowners Need to Increase 123% FASTER than in 1990's	1
Washington County Has Greatest Need--45% of Metro Portland Total	2
Tables --Increase in Minority Homebuyers Necessary by County and % Increase by County	2
Plans and Tools to Increase Minority Homeownership	2
Technical Notes	2
Appendix 1---How Minority Assets Would Increase by \$3.5 Billion	3
Section Two ---Graphs and Tables with Detail by Minority Group and County	4-9
Graph-All Minority Homeowners Needed	4
Graph-African American Homeowners Needed	5
Graph Am. Indian and Alaska Native Homeowners Needed	6
Graph Asian and Pacific Islanders Homeowners Needed	7
Table, Pg 1- Projected Needs With County and Minority Detail	8
Table, Pg. 2-Projected Needs County and Minority Detail	9

4 County Metro Portland Minority Homeownership Needs 2000-2010:

More than 36,000 ADDITIONAL Minority Homeowners (123% of 1990's Increases) Are Necessary to Increase Minority Homeownership Rate By 5%

1990-2000: The Rate of Minority Household Growth Was Three Times Faster than Overall Metro Household Growth Rate; Except for Asian and Pacific Islanders, Minority Homeownership Rates Declined.

The 1990s' saw unprecedented growth in minority households in the Portland metro area. Nearly 39,000 minority households were added metro wide, an overall all minority household increase of 86%. In contrast, total Portland metro household growth was only 26%, less than 1/3rd the rate of growth in minority households.

More than 16,000 (42%) of the minority households added were homeowners. Nearly 9,000 of these additional minority homeowners were from *one* minority group, Asian and Pacific Islanders--an impressive 65% of the increase of Asian and Pacific Islander households were homeowners. As a result, Asian and Pacific Islander homeownership rates increased from 51% to 58%. However, the homeownership rates for African Americans and American Indian/Alaska Natives *declined* slightly and the Hispanic homeownership rate *declined even more* during the boom economic times of the 1990's. (The white homeownership rate *increased* by 2.4%). In table form here are the changes in homeownership rates from 1990-2000:

Group	1990 Homeownership Rate	2000 Homeownership Rate	Rate Change (2000/1990-1)
Whites	62%	65%	2.4
American Indian/Alaska Native	41%	41%	-0.38
African American	38%	38%	-0.41
Asian Pacific Islander	51%	58%	6.47
Hispanic	38%	31%	-6.36

Minority Homeownership Is Important Because Asset Building Leads to Self Sufficiency--36,000 Additional Minority Homebuyers=\$3.5 Billion in Assets

National studies have found that African Americans and Hispanic households have 1/7th the net worth of white families. A recent Oregon HUD analysis (details in Appendix A) estimates that 1,000 additional minority homeowners in Multnomah County would have built \$98 million in assets from 1988-1998. If that trend continued and was extended to the Portland metro area, the projected increase of 36,000 additional minority homebuyers would generate **\$3.5 BILLION** in additional family assets.

Compared to 1990's, Significant Increases in Minority Homeowners Are Required to Achieve a 5% Increase in Minority Homeownership Rates

With a higher base of minority households in 2000 than in 1990 and significant % increases for several minority groups, even modest goals for increasing minority homeownership rates will translate into the need for higher numbers of minority homeowners than were added during the 1990's.

The needs projection starts with the assumption that minority household increases will be *75% of the actual percentage increases by minority group by county* during the 1990's. The second step adds a modest 5% homeownership rate goal increase to the *actual* minority homeownership rates in 2000. The third step then projects the number of minority homeowners necessary to reach this goal in 2010, and compares that goal to the actual increase in minority homeowners achieved during the 1990's. (Variations in household growth projections and the goal for increasing minority homeownership rates would produce different results than those presented here).

Bottom Line--1990's Minority Homeowners Added Will Need to Increase by 123%

With these assumptions and the 5% increase in homeownership rate goal, the projection is that the Portland Metro region will need to **ADD 36,476 minority homeowners** by 2010. Details by minority group follow:

Increasing minority homeowners by 36,480 in the Portland Metro Area from 2000-2010 will require an increase that is 123% more than the actual increase in minority homeowners achieved during the 1990's (16,322):

- ❑ The largest *increase* of minority homeowners necessary will be Hispanic homeowners with 16,389 (205% more than 1990's increase of 5,382),
- ❑ Asian and Pacific Islanders will require the second largest numerical *increase*, with 15,797 homeowners, but the lowest % increase (76% more than 1990's increase of 8,956).
- ❑ African American homeowners will need to *increase* by 3,445 (124% more than 1990's increase of 1,537).
- ❑ American Indian/Alaska Native homeowners will need to *increase* by 848 (90% more than 1990's increase of 447).

Washington County Has the Largest *Number* of Minority Homeowners Necessary (45% of the Metro Area Total) and the Highest *Rate* of Increase Necessary (167%) Compared to the 1990's.

As the chart below illustrates, Washington County has the largest number of minority homeowners necessary at 16,589--this is 45% of the Metro area total. In contrast, Multnomah County has only 25% of the projected Metro need—9,283 minority homeowners.

The greatest single minority group *numerical* increase necessary is in Washington County with Asian and Pacific Islanders needing to increase by 7,721, slightly more than the Hispanic increase of 7,622 also in Washington County.

Washington County also has the largest all minorities *percentage* increase necessary compared to the 1990's, 167%. This is twice the increased all minority percentage needs increase for Multnomah County at 77%. The greatest single minority group *percentage* increase necessary is also in Washington County with Hispanic homeowners needed to increase by 248% compared to the number of Hispanic homeowners added during the 1990's. In contrast, Multnomah County has the lowest single minority group *percentage* increase necessary, with Asian and Pacific Islander homeowners needing to increase by only 17% from the 1990's.

Increase in Minority Homeowners Necessary 2000-2010					
County	All Minority Homeowner Increase Necessary	African Am. Homeowner Increase Necessary	Am. Indian Homeowner Increase Necessary	Asian Pac. Is. Homeowner Increase Necessary	Hispanic Homeowner Increase Necessary
Clackamas	4,387	353	154	1,858	2,022
Clark	6,217	854	202	2,846	2,315
Multnomah	9,283	1,287	197	3,373	4,430
Washington	16,589	952	295	7,721	7,622
Total	36,480	3,445	848	15,797	16,389
Rate of Minority Homeowner Increase Necessary Above Actual 1990 Increases					
County	All Minority Increase Above 1990's	African Am. Increase Above 1990's	Am. Indian Increase Above 1990's	Asian Pac. Is. Increase Above 1990's	Hispanic Increase Above 1990's
Clackamas	125%	165%	59%	80%	193%
Clark	113%	111%	72%	89%	162%
Multnomah	77%	102%	68%	17%	174%
Washington	167%	160%	156%	118%	248%

Additional Minority Homeownership Planning and Homeownership Tools

This analysis is the first ever published projection of future minority homeownership needs in Metro Portland. While the purpose of this analysis is not to prescribe methods to increase minority homeownership, the analysis can serve as a catalyst for additional planning. This analysis or similar planning analysis may be included in the housing needs included in HUD Consolidated Plans, public housing authority plans, and forecasts of “needed housing” in future regional land use plans. Variations in household growth projections and goals for increasing minority homeownership rates would produce different results than those presented here.

It is clear that minority homeownership rates can't increase without an increase in lending activity for minority *first time* homebuyers. In the fall of 2001 two other Oregon HUD office studies, *The State of Hispanic Homeownership 2000* and *The State of African American Homeownership 2000* offered important information on first time home lending patterns in Oregon and Metro Portland and suggestions to improve the tracking and performance of key lending sources in making loans to *first time minority homebuyers*. Those studies can be downloaded from the Oregon HUD web site at this web address:
<http://www.hud.gov/local/por/hispanichome.html>

Technical Notes:

The three-step process used to develop these estimates could be replicated for other areas, using the Excel format developed for this purpose. Depending on the number of areas being analyzed, and the changes to assumptions used here, the number of changes necessary to the spreadsheet may be minor or very extensive.

In all cases, for each area to be included the user will need to download and enter information about 1990 and 2000 renter and owner occupant households for each minority group studied from the U. S. Census Web site. For the Metro Portland area this meant downloading and entering 64 pieces of data (4 counties x 2 [renter and owner occupant] X 2 census periods X 4 minority groups=64); these entries generated 3-4 times as many calculations, including totals for the Metro Portland area, totals for minority groups, and numerical and percentage comparisons to 1990's performance. If you would like a copy of the spreadsheet format, email to: Tom_Cusack@hud.gov with your request.

Appendix A

Applied to 4 County Region and Projected Thru 2000-2010
36,000 Additional Minority Homebuyers Would Accumulate
Nearly \$3.5 Billion in Additional Assets

New Minority Households	Total Asset Increase Per Family	Total Increase in Assets, 36,000 New Minority Homebuyers	
36,000	\$ 97,166	\$ 3,497,981,400	

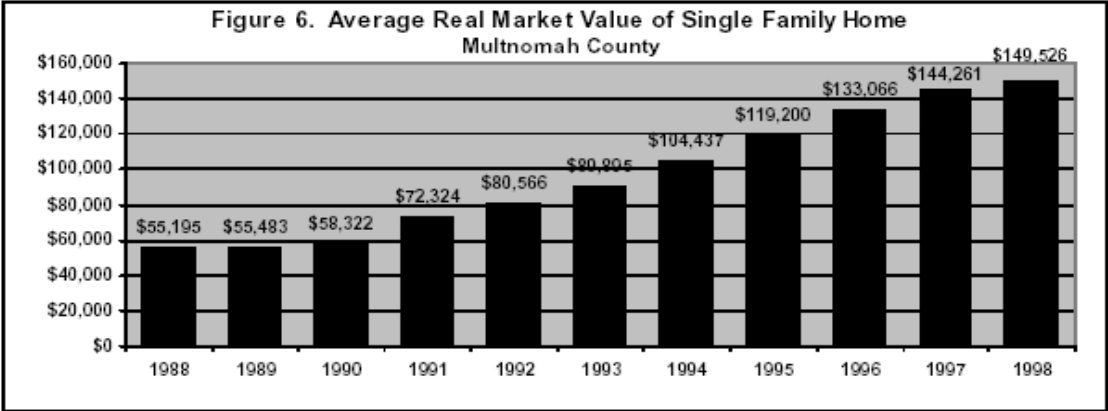
Multnomah County-If 1,000 Additional Minority Homeowners Had Been Added In 1988
These Families Would Have Accumulated \$97 Million in Net Worth by 1998
to Achieve Self Sufficiency and Meet Family Needs

1,000 Additional Minority Homeowners, Modest Price Home at 90% of 1988 and 1998 Average Real Market Value	
1,000	Additional Minority Families
\$ 49,676	Initial Market Value 1988
\$ 134,573	Market Value 1998
\$ 84,898	Market Value Increase
\$ 44,708	Initial Loan Balance
\$ 32,440	Loan Balance After 180 Payments
\$ 12,268	Principal Reduction, 10 Years, Loan @ 90% Value, 6.5%
\$ 97,166	Total Asset Increase Per Family
\$ 97,166,150	Total Asset Increase for All Projected Minority Families

Assumes Modest Price Home at 90% of 1988 and 1998 Average Multnomah County Real Market Value
Source of Sales Price Information: 1999-2000 *Local Government Finance in Multnomah County*, Tax Supervising and Conservation Commission Multnomah County, P.25 Figure 6.

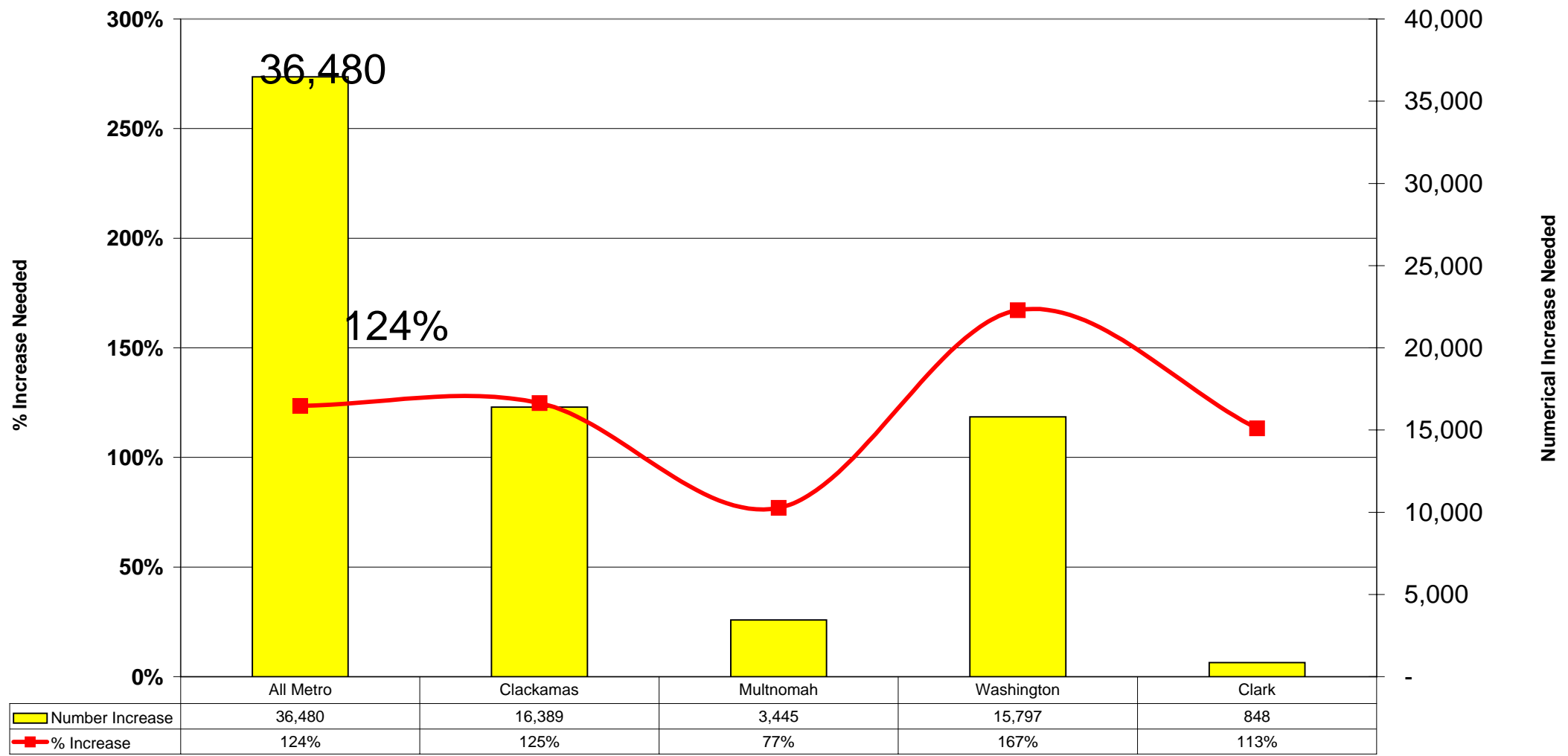
Market Value of Average Single Family Home

As shown in Figure 6 the average real market value of a single-family residence continues to rise. Between 1992 and 1998, average value increased approximately \$70,000, or 86%. Total residential property value increased over 95% while the total number of new accounts being added to the tax rolls only increased 5% during this period.

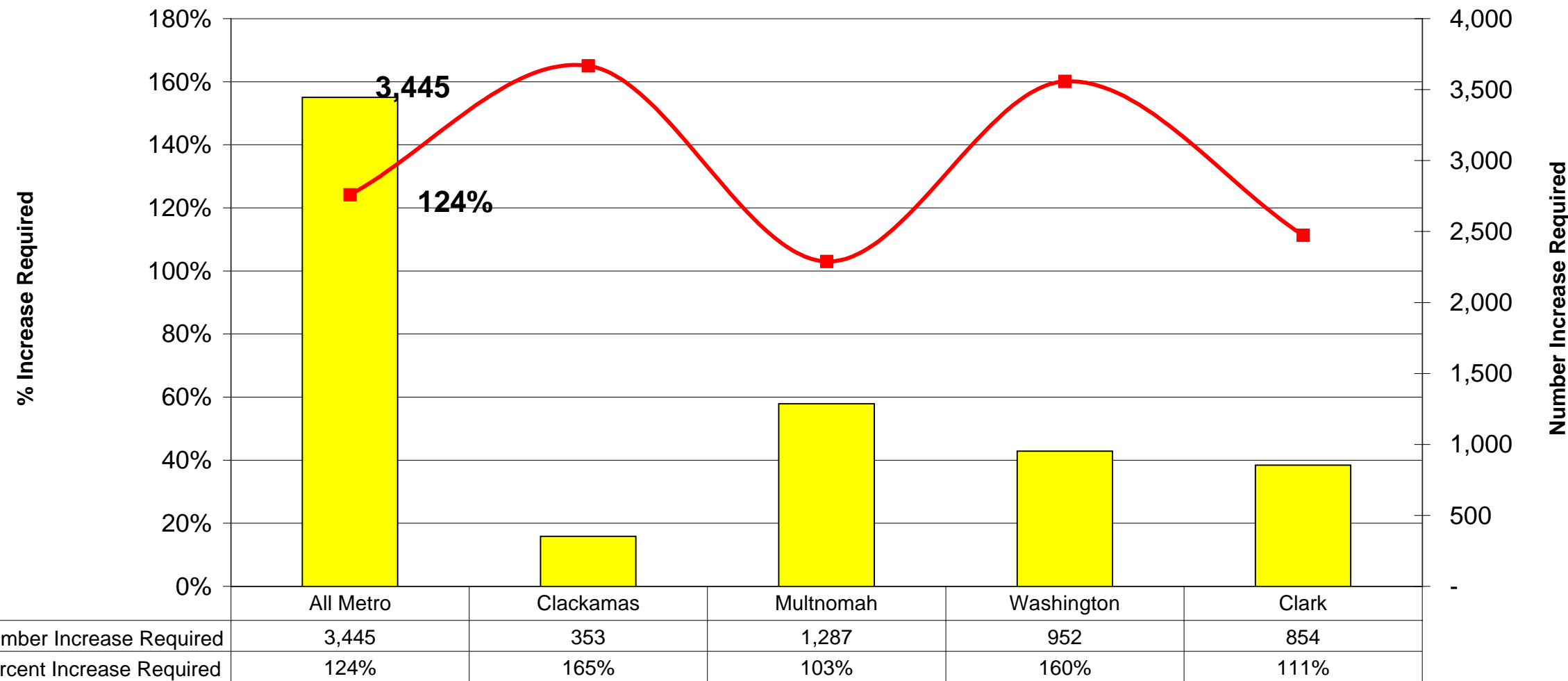




2000-2010 4 County Metro Portland, All Minorities:
To Increase The All Minority Homeownership Rates by 5 Points
Will Require 36,480 Additional Minority Homeowners , An
INCREASE of 123% from the 16,322 Minority Homeowners Added 1990-2000

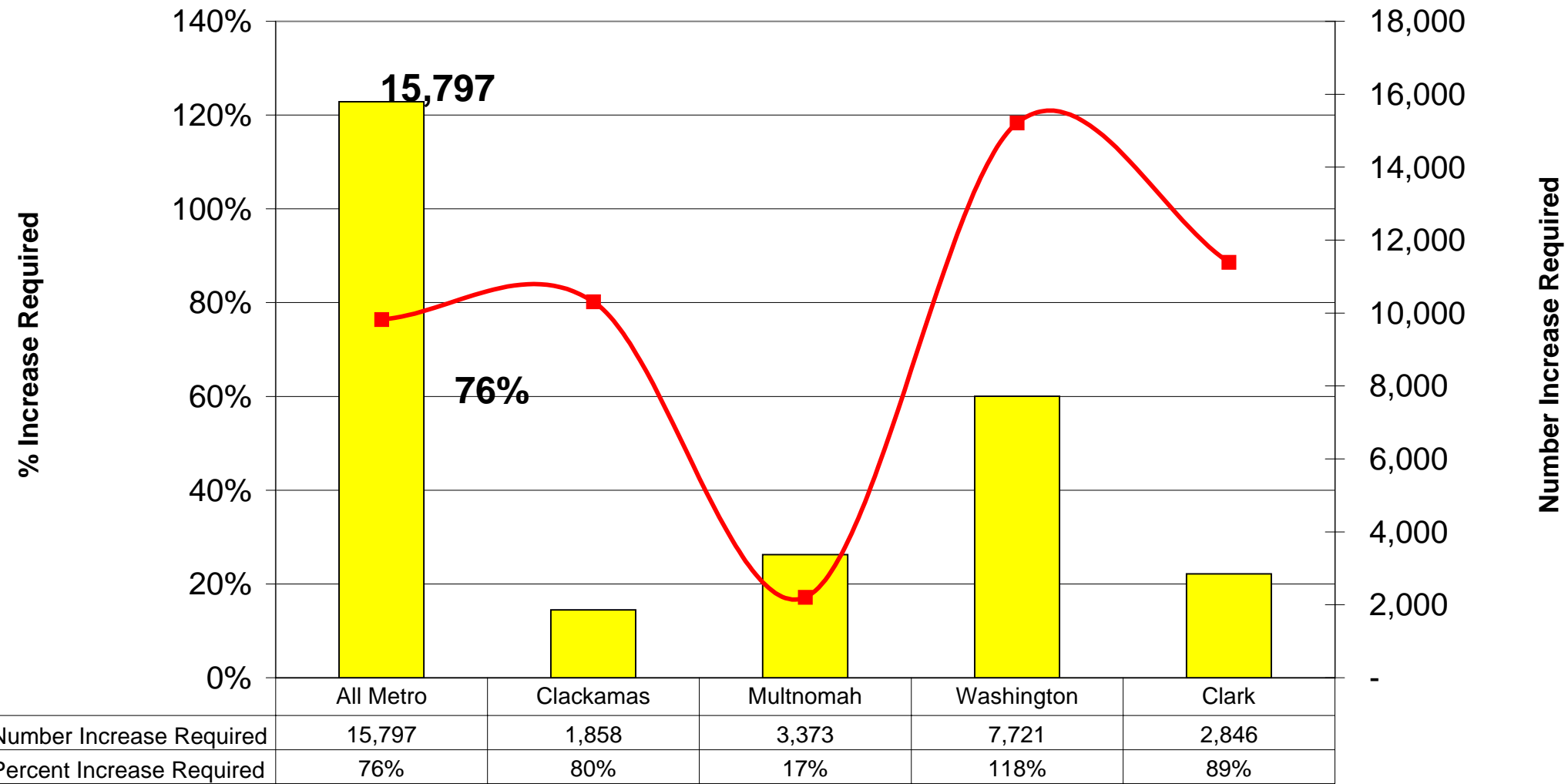


**Metro 2000-2010 African American Homeowners
To Increase Homeownership Rate by 5 Points Will Require
3,445 MORE African Homeowners
Than the 1,537 Than Were Added During the 1990's, An
Increase of 124%**

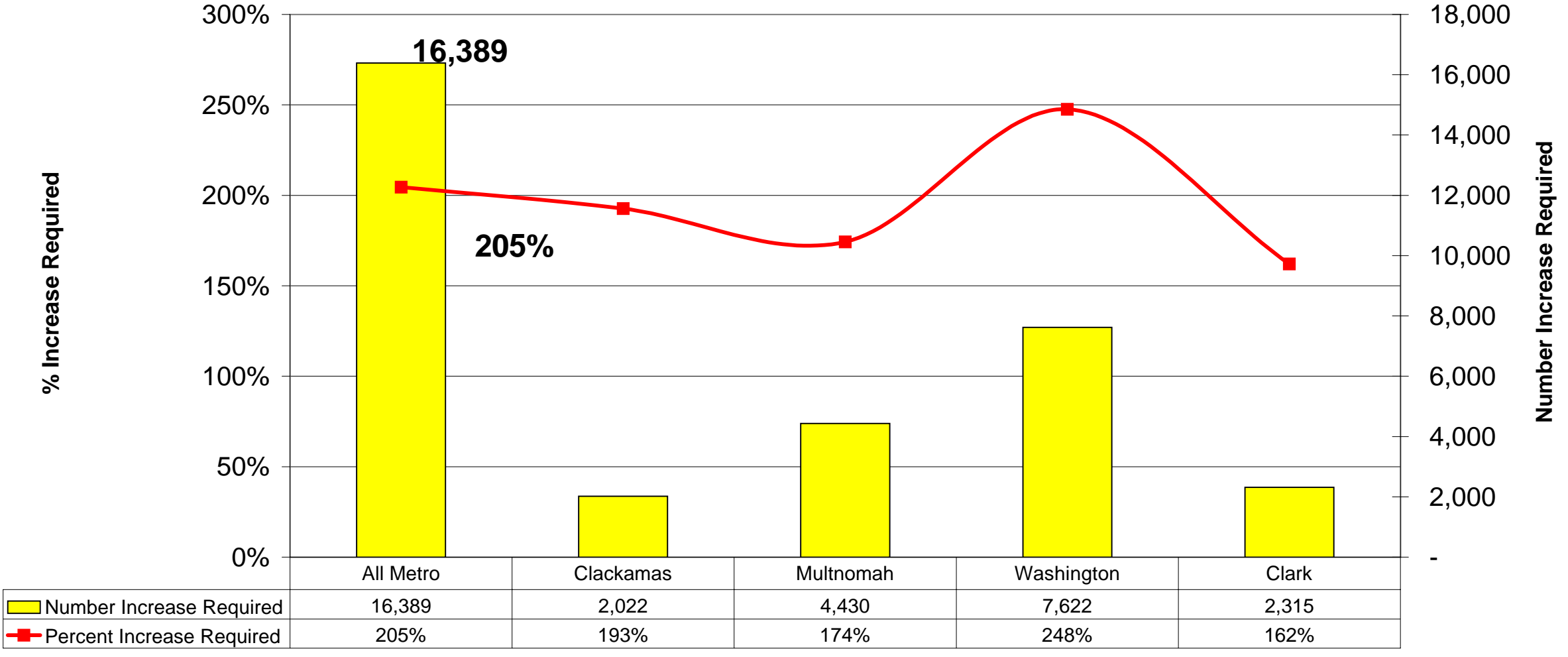




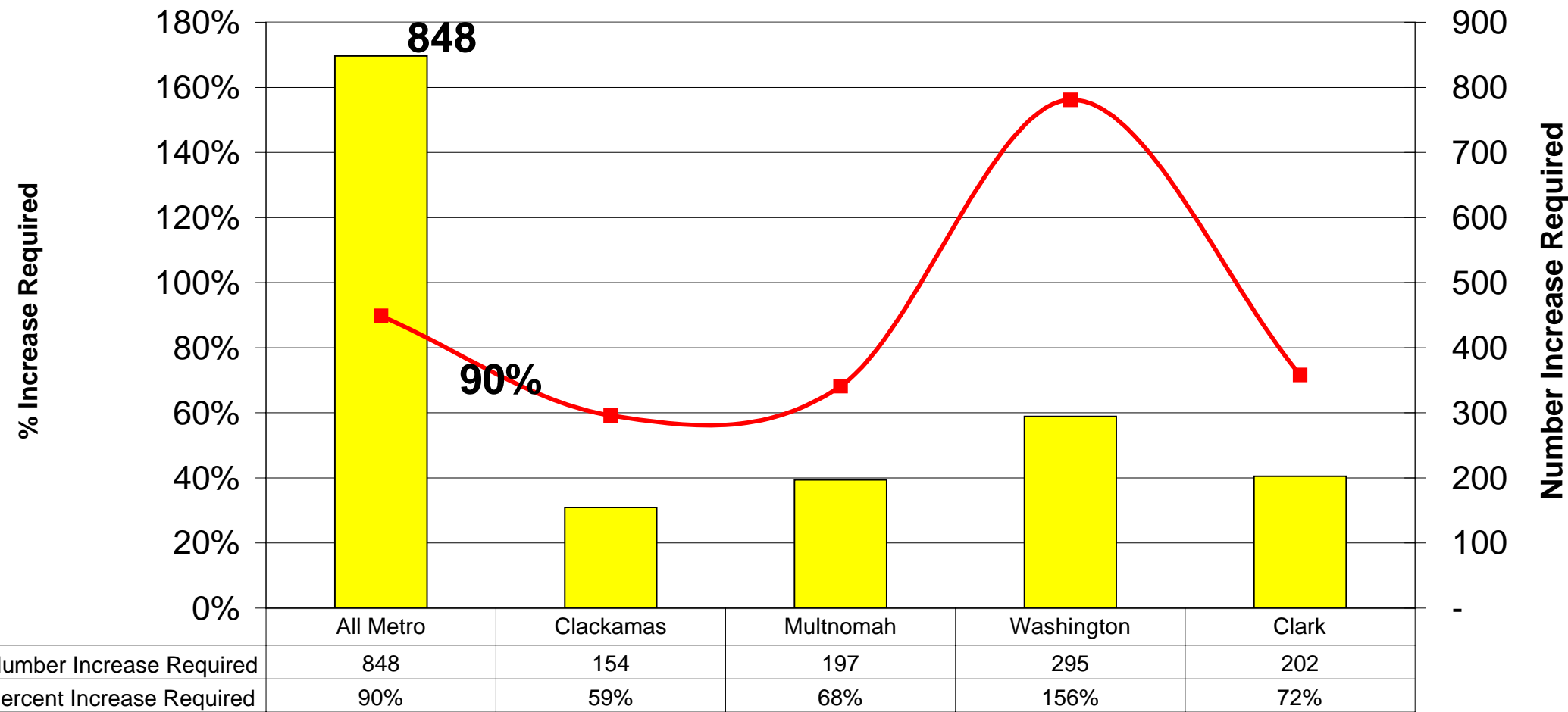
Metro 2000-2010 Asian and Pacific Islander Homeowners
To Increase Homeownership Rate by 5 Points Will Require
15,797 MORE Asian and Pacific Islander Homeowners,
An Increase of 76% from the 8,956 Than Were Added During the 1990's




Metro 2000-2010 Hispanic Homeowners
To Increase Homeownership Rate by 5 Points Will Require
16,389 MORE Hispanic Homeowners
Than the 5,382 Than Were Added During the 1990's,
An Increase of 205%




**Metro 2000-2010 American Indian Homeowners
To Increase Homeownership Rate by 5 Points Will Require
848 More American Indian Homeowners
Than the 447 Than Were Added During the 1990's,
An Increase of 90%**



3 Step Process for Metro Minority Homeownership Goals 2000-2010, With Comparison to 90-2000

 Minority Group	Step 1-Project Total Growth in Minority Households							Step 2 Calculate the Number of Minority Homeowners Necessary to Reach Increased Homeownership Rate Goal					
	Area (All Metro is sum of counties)	1990 Minority HH's	Actual 2000 Minority HH's	1990-2000 Increase in Minority Households	Actual % Increase in Minority HH's 1990-2000	Total Minority Households Projected 2010 @ 75% of 1990's Growth %	INCREASE Minority Households 2000-2010	1990 Minority Homeowners	2000 Minority Homeowners	Actual Minority Homeownership Rate 2000	% Increase in Minority Homeownership Goal 2000-2010	New Homeownership Rate Goal	Total Minority Homeowners Necessary to Reach Increased Homeownership Goal
Am. Indian	All Metro	4,184	5,326	1,142	27%	6,578	1,252	1,712	2,159	41%	5%	46%	3,007
Am. Indian	Clackamas	623	819	196	31%	1,012	193	343	440	54%	5%	59%	594
Am. Indian	Multnomah	2,251	2,471	220	10%	2,652	181	759	876	35%	5%	40%	1,073
Am. Indian	Washington	583	1,023	440	75%	1,602	579	264	379	37%	5%	42%	674
Am. Indian	Clark	727	1,013	286	39%	1,312	299	346	464	46%	5%	51%	666
Asian Pac. Is.	All Metro	14,803	28,680	13,877	94%	51,610	22,930	7,574	16,530	58%	5%	63%	32,327
Asian Pac. Is.	Clackamas	1,252	2,698	1,446	115%	5,035	2,337	823	1,854	69%	5%	74%	3,712
Asian Pac. Is.	Multnomah	8,109	12,126	4,017	50%	16,631	4,505	3,961	6,841	56%	5%	61%	10,214
Asian Pac. Is.	Washington	3,940	10,204	6,264	159%	22,371	12,167	2,001	5,537	54%	5%	59%	13,258
Asian Pac. Is.	Clark	1,502	3,652	2,150	143%	7,573	3,921	789	2,298	63%	5%	68%	5,144
African Am.	All Metro	14,318	18,539	4,221	29%	24,525	5,986	5,472	7,009	38%	5%	43%	10,454
African Am.	Clackamas	323	731	408	126%	1,424	693	164	297	41%	5%	46%	650
African Am.	Multnomah	12,350	13,966	1,616	13%	15,337	1,371	4,667	5,301	38%	5%	43%	6,588
African Am.	Washington	705	1,846	1,141	162%	4,087	2,241	250	616	33%	5%	38%	1,568
African Am.	Clark	940	1,996	1,056	112%	3,678	1,682	391	795	40%	5%	45%	1,649
Hispanic	All Metro	11,919	31,479	19,560	164%	72,619	41,140	4,500	9,882	31%	5%	36%	26,271
Hispanic	Clackamas	1,655	3,956	2,301	139%	8,081	4,125	861	1,552	39%	5%	44%	3,574
Hispanic	Multnomah	5,443	12,220	6,777	125%	23,631	11,411	1,864	3,479	28%	5%	33%	7,909
Hispanic	Washington	3,256	11,292	8,036	247%	32,194	20,902	1,055	3,248	29%	5%	34%	10,870
Hispanic	Clark	1,565	4,011	2,446	156%	8,713	4,702	720	1,603	40%	5%	45%	3,918
All Minority	All Metro	45,224	84,024	38,800	86%	155,332	71,308	19,258	35,580	42%	5%	47%	72,060
All Minority	Clackamas	3,853	8,204	4,351	113%	15,552	7,348	2,191	4,143	50%	5%	55%	8,530
All Minority	Multnomah	28,153	40,783	12,630	45%	58,251	17,468	11,251	16,497	40%	5%	45%	25,784
All Minority	Washington	8,484	24,365	15,881	187%	60,254	35,889	3,570	9,780	40%	5%	45%	26,369
All Minority	Clark	4,734	10,672	5,938	125%	21,275	10,603	2,246	5,160	48%	5%	53%	11,377

3 Step Process for Metro Minority Homeownership Goals 2000-2010, With Comparison to 90-2000

 Minority	Area (All Metro is sum of counties)	2000-2010 <u>INCREASE</u> Necessary Minority Homeowners	1990-2000 Actual INCREASE in Minority Homeowners	% Increase Necessary 2000-2010 vs. 1990-2000	Increased Minority Homeowners Necessary <u>ABOVE</u> Actual 1990-2000 Performance
Am. Indian	All Metro	848	447	90%	401
Am. Indian	Clackamas	154	97	59%	57
Am. Indian	Multnomah	197	117	68%	80
Am. Indian	Washington	295	115	156%	180
Am. Indian	Clark	202	118	72%	84
Asian Pac. Is.	All Metro	15,797	8,956	76%	6,841
Asian Pac. Is.	Clackamas	1,858	1,031	80%	827
Asian Pac. Is.	Multnomah	3,373	2,880	17%	493
Asian Pac. Is.	Washington	7,721	3,536	118%	4,185
Asian Pac. Is.	Clark	2,846	1,509	89%	1,337
African Am.	All Metro	3,445	1,537	124%	1,908
African Am.	Clackamas	353	133	165%	220
African Am.	Multnomah	1,287	634	103%	653
African Am.	Washington	952	366	160%	586
African Am.	Clark	854	404	111%	450
Hispanic	All Metro	16,389	5,382	205%	11,007
Hispanic	Clackamas	2,022	691	193%	1,331
Hispanic	Multnomah	4,430	1,615	174%	2,815
Hispanic	Washington	7,622	2,193	248%	5,429
Hispanic	Clark	2,315	883	162%	1,432
All Minority	All Metro	36,480	16,322	124%	20,158
All Minority	Clackamas	4,387	1,952	125%	2,435
All Minority	Multnomah	9,287	5,246	77%	4,041
All Minority	Washington	16,589	6,210	167%	10,379
All Minority	Clark	6,217	2,914	113%	3,303